

Onkama Township  
(Manistee)

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

✓ JUN 30 2004  
March 31, 2004

LOCAL AUDIT & FINANCE DIV.

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>ONEKAMA TOWNSHIP</b>	County <b>MANISTEE</b>
Audit Date <b>March 31, 2004</b>	Opinion Date <b>June 4, 2004</b>	Date Accountant Report Submitted to State: <b>June 30, 2004</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised, ( ) 2004
2. We have certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> yes            | <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> yes            | <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> yes            | <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> yes            | <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> yes            | <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input checked="" type="checkbox"/> yes | <input type="checkbox"/> no            | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> yes            | <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes            | <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> yes            | <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

### We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) <b>BRICKLEY DELONG, P.C.</b>			
Street Address <b>500 TERRACE PLAZA, P.O. BOX 999</b>		City <b>Muskegon</b>	State <b>Michigan</b>
Accountant Signature <i>Timothy J. Carter, C.P.A. for Brickley De Long, P.C.</i>		ZIP <b>49443</b>	

# BRICKLEY DeLONG

CERTIFIED PUBLIC ACCOUNTANTS

---

June 4, 2004

Township Board  
Onkama Township  
Onkama, Michigan

In planning and performing our audit of the general purpose financial statements of Onkama Township for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect Onkama Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. We have attached a summary of such reportable conditions.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, none of the reportable conditions are believed to be material weaknesses.

This report is intended solely for the information and use of the Township Board, management, and others within the administration and is not intended to be and should not be used by anyone other than these specified parties.

*Brickley DeLong, P.C.*

## REPORTABLE CONDITIONS

Recommendation 1: Bank reconciliations should be prepared on a timely basis and reconciled to both the treasurer's and the clerk's records.

During our audit, we noted that bank reconciliations were not prepared on a timely basis, and they were not reconciled to both the treasurer's and the clerk's records. Errors in recording certain cash transactions, which would have been detected during the year by the application of standard bank reconciliation procedures, including reconciling to both the treasurer's and the clerk's records, were not detected until year end when such reconciliation procedures were eventually performed.

Bank reconciliations serve as a control procedure to determine that financial statement activity is in agreement with bank statement activity for the same period. Timely performance of effective bank reconciliations would ensure the timely detection of errors committed by the bank and/or Township personnel in the recording and reporting of cash transactions.

Recommendation 2: Cash disbursements account distribution should be reviewed for reasonableness.

During our audit, we noted certain cash disbursements selected for testing should have been recorded in another more appropriate account.

A review of account distribution would reduce the risk of a disbursement being recorded in an incorrect account.

Recommendation 3: Adjusting journal entries should be prepared for non-cash transactions.

During our audit, we noted that adjusting journal entries were not prepared for non-cash transactions such as interest earned monthly on bank statements, bank charges or corrections of post errors in the general ledger.

The preparation of adjusting journal entries for non-cash transactions would help to ensure proper posting in the general ledger and would provide documentation as to the purpose for non-cash transactions postings to the Township's records.

## REPORTABLE CONDITIONS—CONTINUED

Recommendation 4: Property tax collections should be remitted timely to other governmental units in accordance with State of Michigan requirements.

State of Michigan statutes and regulations require townships collecting property taxes to remit to other governmental units all property taxes collected during a fifteen (15) day period within ten (10) days after such period.

During our testing, we noted that the Township was delinquent in remitting taxes to the county and school district as of March 31, 2004.

The timely remittance of tax collections and other receipts to other governmental units would ensure compliance with State of Michigan requirements and would provide such entities with vital cash resources on a timely basis to meet their current cash requirements.

## CONTENTS

INDEPENDENT AUDITORS' REPORT .....	3
GENERAL PURPOSE FINANCIAL STATEMENTS	
COMBINED BALANCE SHEET—ALL FUND TYPES AND ACCOUNT GROUPS.....	4
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES—ALL GOVERNMENTAL FUND TYPES .....	5
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES—BUDGET AND ACTUAL— GENERAL FUND AND SPECIAL REVENUE FUNDS.....	6
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS .....	7
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS	
SPECIAL REVENUE FUNDS	
COMBINING BALANCE SHEET .....	15
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES.....	16
AGENCY FUND	
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES .....	17

BRICKLEY DeLONG  
CERTIFIED PUBLIC ACCOUNTANTS

---

INDEPENDENT AUDITORS' REPORT

June 4, 2004

Township Board  
Onkama Township  
Onkama, Michigan

We have audited the accompanying general purpose financial statements of Onkama Township as of and for the year ended March 31, 2004 as listed in the table of contents. These general purpose financial statements are the responsibility of Onkama Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Onkama Township as of March 31, 2004 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements provided on pages 15 through 17 are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Onkama Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Brickley DeLong, PLLC*

Onekama Township  
**COMBINED BALANCE SHEET—ALL FUND TYPES**  
**AND ACCOUNT GROUPS**  
 March 31, 2004

**ASSETS**

	Governmental Fund Types		Fiduciary	Account
	General	Special Revenue	Fund Type	Group
Cash and investments	\$ 262,689	\$ 146,521	Agency	General
Accounts receivable	690	8,408	-	Fixed Assets
Due from other governmental units	3,933	-	-	
Due from other funds	2,871	-	-	
Property and equipment—at cost	-	-	-	
	<u>\$ 270,183</u>	<u>\$ 154,929</u>	<u>\$ 40,092</u>	<u>\$ 837,644</u>

**LIABILITIES AND FUND BALANCE**

<b>LIABILITIES</b>				
Accounts payable	\$ 4,615	\$ -	\$ -	\$ -
Due to other governmental units	-	-	37,452	-
Due to other funds	-	231	2,640	-
	<u>4,615</u>	<u>231</u>	<u>40,092</u>	<u>-</u>
<b>FUND BALANCES</b>				
Investment in general fixed assets	-	-	-	837,644
Reserved for park improvements	-	16,463	-	-
Designated for park improvements	68,000	-	-	-
Designated for equipment replacement	-	50,000	-	-
Undesignated	197,568	88,235	-	-
	<u>265,568</u>	<u>154,698</u>	<u>-</u>	<u>837,644</u>
	<u>\$ 270,183</u>	<u>\$ 154,929</u>	<u>\$ 40,092</u>	<u>\$ 837,644</u>

The accompanying notes are an integral part of this statement.



Onekama Township  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES—ALL GOVERNMENTAL FUND TYPES**  
 Year ended March 31, 2004

	General	Special Revenue
<b>Revenues</b>		
Taxes	\$ 111,237	\$ 74,357
Licenses and permits	5,271	-
Intergovernmental revenues—state	58,565	-
Charges for services	597	11,700
Investment income	5,625	952
Other	15,161	60,796
	<u>196,456</u>	<u>147,805</u>
<b>Expenditures</b>		
Current		
Legislative	45,030	-
General government	115,502	-
Public safety	22,846	49,957
Culture and recreation	7,029	-
Other governmental functions	190	-
Capital outlay	3,275	3,905
	<u>193,872</u>	<u>53,862</u>
Excess of revenues over (under) expenditures	2,584	93,943
<b>Other financing sources</b>		
Operating transfers in	-	1,346
Operating transfers out	(1,346)	-
Sale of general fixed assets	-	2,000
	<u>(1,346)</u>	<u>3,346</u>
Excess of revenues and other financing sources over (under) expenditures	1,238	97,289
<b>Fund balances at April 1, 2003</b>	<u>264,330</u>	<u>57,409</u>
<b>Fund balances at March 31, 2004</b>	<u>\$ 265,568</u>	<u>\$ 154,698</u>

The accompanying notes are an integral part of this statement.

Onekama Township  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES—BUDGET AND ACTUAL—  
 GENERAL FUND AND SPECIAL REVENUE FUNDS**  
 Year ended March 31, 2004

	General Fund			Special Revenue Funds		
	Amended budget	Actual	Over (under) amended budget	Amended budget	Actual	Over (under) amended budget
<b>Revenues</b>						
Taxes	\$ 99,000	\$ 111,237	\$ 12,237	\$ 69,900	\$ 74,357	\$ 4,457
Licenses and permits	3,000	5,271	2,271	-	-	-
Intergovernmental revenues—state	50,000	58,565	8,565	-	-	-
Charges for services	1,000	597	(403)	1,000	11,700	10,700
Investment income	6,500	5,625	(875)	500	952	452
Other	1,000	15,161	14,161	1,000	60,796	59,796
	<u>160,500</u>	<u>196,456</u>	<u>35,956</u>	<u>72,400</u>	<u>147,805</u>	<u>75,405</u>
<b>Expenditures</b>						
Current						
Legislative	56,000	45,030	(10,970)	-	-	-
General government	135,725	115,502	(20,223)	-	-	-
Public safety	26,350	22,846	(3,504)	71,000	49,957	(21,043)
Public works	10,000	-	(10,000)	-	-	-
Culture and recreation	22,650	7,029	(15,621)	-	-	-
Other governmental functions	500	190	(310)	-	-	-
Capital outlay	3,275	3,275	-	4,000	3,905	(95)
	<u>254,500</u>	<u>193,872</u>	<u>(60,628)</u>	<u>75,000</u>	<u>53,862</u>	<u>(21,138)</u>
Excess of revenues over (under) expenditures	(94,000)	2,584	96,584	(2,600)	93,943	96,543
<b>Other financing sources</b>						
Operating transfers in	-	-	-	-	1,346	1,346
Operating transfers out	(2,000)	(1,346)	654	-	-	-
Sale of general fixed assets	-	-	-	-	2,000	2,000
	<u>(2,000)</u>	<u>(1,346)</u>	<u>654</u>	<u>-</u>	<u>3,346</u>	<u>3,346</u>
Excess of revenues and other financing sources over (under) expenditures	\$ (96,000)	1,238	\$ 97,238	\$ (2,600)	97,289	\$ 99,889
Fund balances at April 1, 2003		264,330			57,409	
Fund balances at March 31, 2004		<u>\$ 265,568</u>			<u>\$ 154,698</u>	

The accompanying notes are an integral part of this statement.

Onekama Township  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
March 31, 2004

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Onekama Township are prepared in accordance with generally accepted accounting principles. The Township's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Reporting Entity

Onekama Township (Township) is a common law township governed by an elected five-member board.

Generally accepted accounting principles require that if the Township has certain oversight responsibilities over other organizations, those organizations should be included in the Township's financial statements. Since no organizations met this criteria, none are included in the financial statements.

Fund Accounting

The accounts of the Township are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device used to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The following fund categories (further divided by fund type) and account groups are used by the Township:

***Governmental Funds***

Governmental funds are used to account for the Township's general government activities. The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes.

***Fiduciary Fund***

The fiduciary fund accounts for assets held by the Township on behalf of others in a fiduciary capacity.

***Account Groups***

The general fixed assets account group is used to account for fixed assets not accounted for in proprietary funds. The general long-term debt account group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

Onekama Township  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS—CONTINUED  
March 31, 2004

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types are presented using the flow of current financial resources measurement focus. With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources.

The governmental fund types use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Township considers all revenues available if they are collected within sixty days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims, and judgments which are recognized when the obligations are expected to be liquidated with available expendable financial resources.

Property taxes, franchise taxes, licenses, interest, and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the Township and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus.

Assets, Liabilities and Equity

a. Deposits and Investments

The Township’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six months or less from the date of acquisition.

Onekama Township  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS—CONTINUED  
March 31, 2004

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities and Equity—Continued

a. Deposits and Investments—Continued

The Township has adopted an investment policy in compliance with State of Michigan statutes. These statutes authorize the Township to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies or instrumentalities, United States government or federal agency obligation repurchase agreements, bankers acceptances, state-approved investment pools, and certain mutual funds.

b. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not available expendable financial resources.

The Township bills and collects its own property taxes. Taxes are levied on December 1 and are due without penalty on or before February 28. The property taxes attach as an enforceable lien on property as of December 1. Uncollected real property taxes as of February 28 are turned over by the Township to the County for collection. The County advances the Township all of these delinquent real property taxes. Collection of delinquent personal property taxes as of February 28 remain the responsibility of the Township Treasurer. Since substantially all Township property taxes levied are current receivables, tax revenues are recognized when levied.

The 2003 State taxable value for real/personal property of the Township totaled \$86,479,956 on which ad valorem taxes levied consisted of .8344 and .8707 mills for operating purposes and public safety, respectively. These amounts are recognized in the respective General Fund and Special Revenue Fund financial statements.

Onekama Township  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS—CONTINUED  
March 31, 2004

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities and Equity—Continued

c. Property and Equipment

Property and equipment used in governmental fund types of the Township are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in the general fixed assets account group.

d. Long-Term Obligations

The Township reports long-term debt of governmental funds at face value in the general long-term debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

e. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

f. Combining Statements

The Township operates a single agency fund; therefore, no combining statements for this fund group is presented.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

Onekama Township  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS—CONTINUED  
March 31, 2004

NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

*Budgetary Information*

Annual budgets, as required by state statutes, are adopted on a basis consistent with generally accepted accounting principles for all the governmental funds except capital projects funds.

The Township follows these procedures in establishing the budgetary information provided in the financial statements:

- a. Prior to the first week of March, the Township Supervisor submits to the Township Board a proposed operating budget for the year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
- c. Not later than the first week in March, the budget is legally enacted through passage of a resolution.
- d. Supplemental appropriations, when required to provide for additional expenditures, are matched by additional anticipated revenues or an appropriation of available fund balance and must be approved by the Township Board. All appropriations lapse at year end.

The appropriated budget is prepared by fund, function, and department. The Township's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Township Board. The legal level of budgetary control is the department level. The Township Board made several supplemental budgetary appropriations throughout the year.

NOTE C—DEPOSITS AND INVESTMENTS

Deposits

The Township's deposits are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes deposits insured or collateralized with securities held by the entity or its agent in the entity's name. Category 2 includes deposits collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name. Category 3 includes deposits which are uncollateralized.

As of March 31, 2004, the Township's carrying amount of deposits was \$16,613, and the bank balance was \$16,756. The entire bank balance was covered by Federal Depository Insurance.

Onekama Township  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS—CONTINUED**  
 March 31, 2004

NOTE C—DEPOSITS AND INVESTMENTS—Continued

Investments

As of March 31, 2004, the Township's investments represented holdings in mutual funds and certificates of deposit with maturities of longer than six months.

During the year ended March 31, 2004, the Township's investments were only in these types of investments.

The Township's investments are categorized below to give an indication of the level of risk assumed by the entity at year end. Category 1 includes investments that are insured or registered or the securities held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the Township's name. Mutual funds are not categorized. As of March 31, 2004, the Township's carrying amount and market value in those mutual funds was \$235,515.

	<u>Category</u>			<u>Carrying</u>	<u>Market</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>amount</u>	<u>value</u>
Certificates of deposit	<u>\$197,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$197,174</u>	<u>\$197,174</u>

NOTE D—INTERFUND RECEIVABLES AND PAYABLES

The interfund receivables and payables consisted of the following at March 31, 2004.

<u>Fund</u>	<u>Interfund</u> <u>receivables</u>	<u>Interfund</u> <u>payables</u>
Due from/to other funds		
General Fund	\$ 2,871	\$ -
Special Revenue Funds		
Fire	-	231
Agency Fund	-	2,640
	<u>\$ 2,871</u>	<u>\$ 2,871</u>



Onekama Township  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS—CONTINUED**  
 March 31, 2004

**NOTE E—PROPERTY AND EQUIPMENT**

Summary of Property and Equipment

Property and equipment consist of the following at March 31, 2004:

	General Fixed Assets <u>Account Group</u>
Land and improvements	\$181,540
Building and improvements	185,000
Furniture and equipment	<u>471,104</u>
	<u>\$837,644</u>

Summary of Changes in General Fixed Assets

Changes in the components of General Fixed Assets Account Group are summarized as follows:

	Balance April 1, <u>2003</u>	Year ended <u>March 31, 2004</u>		Balance March 31, <u>2004</u>
		<u>Additions</u>	<u>Deletions</u>	
Land and improvements	\$ 181,540	\$ -	\$ -	\$181,540
Building and improvements	185,000	-	-	185,000
Furniture and equipment	<u>463,924</u>	<u>7,180</u>	<u>      </u>	<u>471,104</u>
	<u>\$ 830,464</u>	<u>\$ 7,180</u>	<u>\$ -</u>	<u>\$837,644</u>

**NOTE F—OTHER INFORMATION**

***Risk Management***

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Township carries commercial insurance. Liabilities in excess of commercial insurance, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. There have been no losses in excess of insurance in the past three years.

**COMBINING AND INDIVIDUAL  
FUND FINANCIAL STATEMENTS**

Onekama Township  
 Special Revenue Funds  
**COMBINING BALANCE SHEET**  
 March 31, 2004

ASSETS

	Combined	Fire	Northpoint Park Fund
Cash and investments	\$ 146,521	\$ 130,058	\$ 16,463
Accounts receivable	<u>8,408</u>	<u>8,408</u>	<u>-</u>
	<u>\$ 154,929</u>	<u>\$ 138,466</u>	<u>\$ 16,463</u>

LIABILITIES AND FUND BALANCE

LIABILITIES			
Due to other funds	\$ 231	\$ 231	\$ -
FUND BALANCES			
Reserved for park improvements	16,463	-	16,463
Designated for equipment replacement	50,000	50,000	-
Undesignated	<u>88,235</u>	<u>88,235</u>	<u>-</u>
	<u>154,698</u>	<u>138,235</u>	<u>16,463</u>
	<u>\$ 154,929</u>	<u>\$ 138,466</u>	<u>\$ 16,463</u>

Onekama Township  
Special Revenue Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES

Year ended March 31, 2004

	Special Revenue Funds		
	Combined	Fire	Northpoint Park
Revenues			
Taxes	\$ 74,357	\$ 74,357	\$ -
Charges for services	11,700	11,700	-
Investment income	952	952	-
Other	60,796	45,679	15,117
	<u>147,805</u>	<u>132,688</u>	<u>15,117</u>
Expenditures			
Current			
Public safety	49,957	49,957	-
Capital outlay	3,905	3,905	-
	<u>53,862</u>	<u>53,862</u>	<u>-</u>
Excess of revenues over (under) expenditures	93,943	78,826	15,117
Other financing sources			
Operating transfers in	1,346	-	1,346
Sale of general fixed assets	2,000	2,000	-
	<u>3,346</u>	<u>2,000</u>	<u>1,346</u>
Excess of revenues and other financing sources over (under) expenditures	97,289	80,826	16,463
Fund balances at April 1, 2003	<u>57,409</u>	<u>57,409</u>	<u>-</u>
Fund balances at March 31, 2004	<u>\$ 154,698</u>	<u>\$ 138,235</u>	<u>\$ 16,463</u>

Onekama Township  
 Agency Fund  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
 March 31, 2004

TAX COLLECTION FUND

	April 1, 2003	Additions	Deductions	March 31, 2004
<b>ASSETS</b>				
Cash and investments	\$ 7,770	\$ 2,402,204	\$ 2,369,882	\$ 40,092
	<u>\$ 7,770</u>	<u>\$ 2,402,204</u>	<u>\$ 2,369,882</u>	<u>\$ 40,092</u>
<b>LIABILITIES</b>				
Due to other governmental units	\$ 534	\$ 2,259,253	\$ 2,222,335	\$ 37,452
Due to other funds	<u>7,236</u>	<u>142,951</u>	<u>147,547</u>	<u>2,640</u>
	<u>\$ 7,770</u>	<u>\$ 2,402,204</u>	<u>\$ 2,369,882</u>	<u>\$ 40,092</u>

